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FISCAL IMPACT STATEMENT

LS 6375

BILL NUMBER: SB 583

NOTE PREPARED: Jan 14, 2009

BILL AMENDED:

SUBJECT: Public Assistance Asset Limitation for TANF Program.

FIRST AUTHOR: Sen. Errington

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies a family asset limitation of \$15,000 to qualify and remain eligible for assistance under the federal Temporary Assistance for Needy Families (TANF) program. The bill also exempts certain real and personal property in calculating a family's assets.

Effective Date: July 1, 2009.

Explanation of State Expenditures: This bill increases the family asset limits that are used to determine initial and continued eligibility under the TANF program. Currently, the family asset limits for TANF benefits are \$1,000 at the time of application and \$1,500 once eligible for benefits [as established by rule]. Under the bill, family assets are not to exceed \$15,000. Additional state costs are estimated to be about \$4.8 M for a year, which includes both TANF and Medicaid expenditures.

This bill can increase the number of families that are eligible for TANF benefits by increasing the assets that a family may possess. As a result, state expenditures may increase (1) if more individuals qualify for TANF benefits and (2) there are available resources to provide benefits to any increase in the eligible program population. The amount of cash assistance associated with one member of the TANF assistance unit can be \$58.50 or \$90 monthly, depending on family size.

During December of 2008, a total of 16 TANF cases were closed and a total of 146 TANF cases were denied benefits solely due to the applicants having assets in excess of the current \$1,000 or \$1,500 limits. FSSA estimates denying or closing approximately 100 TANF benefits applicants or cases per month based on assets. It is not known how many of these applicants reapply for benefits during the fiscal year. If these applicants who either had benefits denied or closed were to receive TANF benefits under the bill, 1,200

additional families can be expected to receive TANF benefits. Actual benefits administered to the eligible families would depend on family size and income.

The FSSA Monthly Management Report from October 2008 reports that the average TANF payment per case was \$210 per month. Assuming all 1,200 cases would receive this benefit amount, the total cost for TANF benefits is expected to be approximately \$3 M per year.

If more individuals qualify for TANF from a change in asset limitations, more individuals would qualify for Medicaid. Of the cases that would be eligible for TANF under the bill, it is assumed that any children that were denied TANF benefits due to a parent's assets would be considered eligible for state Children's Health Insurance Program (CHIP). These children's eligibility for Medicaid would present no additional cost to the state. However, any adults who would be considered eligible for TANF under the bill would be considered eligible for Medicaid as well. Assuming that each case has at least one adult who would be eligible for Medicaid, enrollment can be expected to increase by 1,200 individuals. FSSA reports the average monthly expenditures per adult in Medicaid Risk-based Managed Care for October 2008 was \$345. The bill can be expected to increase Medicaid expenditures by approximately \$5 M per year, of which the state share is estimated to be about \$1.8 M.

Background Information: In FY 2008, the Division of Family Resources reverted \$1.3 M for administration to the General Fund, while the Family and Social Services Administration reverted \$32.3 M to the General Fund.

TANF assistance is shared between state and federal governments. However, the federal share is provided through a capped block grant allocation with a state maintenance-of-effort (MOE) requirement. For FFY 2009, Indiana claimed \$133 M in the state's MOE requirement. TANF block grant allocations are determined on a formula basis with increased flexibility for their use by the states over what was permitted under the prior Aid to Families with Dependent Children program. Indiana received \$207 M from the TANF Block Grant in 2008.

Background Information on Eligibility Requirements: A family must meet financial and non-financial criteria to be considered eligible for TANF. Financial criteria include both income and resource requirements. A family's gross income must be less than 185% of the total standard of need according to family size as established in state statute. At the time of initial application, after certain exemptions and disregards are deducted, the net (countable) income must be less than 90% of the standard of need (which is approximately 22% of the federal poverty level). Subsequent to application, income is limited to 100% of the federal poverty level to retain eligibility. [The determination of countable income begins with a family's gross income. An amount equal to \$90 of earnings per participating member is disregarded each month, with an additional \$30 disregarded for a period of 12 months following the onset of earnings and an additional 1/3 of the remainder disregarded for the first four months after the onset of earnings.]

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DFR.

Local Agencies Affected:

Information Sources: U.S. Department of Health and Human Services; Family and Social Services Administration.

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